

03 October 2019

**SENATOR FRANCIS N. TOLENTINO**

Chairperson

Committee on Urban Planning, Housing and Resettlement

Senate of the Philippines

GSIS Financial Complex, Roxas Boulevard

Pasay City, Philippines

Dear **Senator Tolentino**:

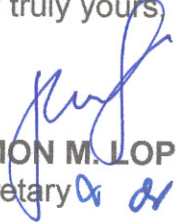
We are pleased to submit the Department's position on Senate Bill No. 660, entitled:

**“An Act to Provide for a Housing Program for Teachers”**

This is without prejudice to the Department's submission of additional inputs.

With my best regards.

Very truly yours,

  
**RAMON M. LOPEZ**  
Secretary



**OFFICE OF THE SECRETARY**

DTI Position on

**Senate Bill No. 660**

**“An Act to Provide for a Housing Program for Teachers”**

The Department recognizes the objective of the bill in uplifting the living conditions of teachers and promoting a housing program that would enable them to acquire their own housing units. However, we express reservations on certain provisions of the bill, specifically Section 7 wherein fiscal incentives are given to participating private sector developers.

Currently, there are laws that provide fiscal and non-fiscal incentives to socialized housing developers. Republic Act (RA) No. 7279 or the Urban Development and Housing Act of 1992 provides the following incentives to encourage greater private sector participation in socialized housing and further reduce the cost of housing units for the benefit of the underprivileged and homeless:

1. Reduction and simplification of qualification and accreditation requirements for participating private developers;
2. Creation of one-stop offices in the different regions of the country for the processing, approval, and issuance of clearances, permits and licenses;
3. Simplification of financing procedures; and
4. Exemption from the payment of project-related taxes.

Mass housing, particularly low cost housing, is also currently included in the 2017-2019 Investment Priorities Plan of the Board of Investments (BOI), a DTI attached agency. Under Executive Order (EO) No. 226 or the Omnibus Investments Code of 1987, low cost housing developers that are registered to the BOI are entitled to avail the following incentives:

1. 3-4 years Income Tax Holiday (ITH);
2. Duty-free importation of capital equipment (EO 70), such as but not limited to the following eligible equipment:
  - a) Lift /Elevators (for medium and high-rise buildings)
  - b) Tower Crane and its accessories
  - c) Concrete Steel Formworks
  - d) Stand-by Power Generator
  - e) Various Forms such as Foundation, Modify, Tunnel, and Facade Forms; and
3. Employment of Foreign Nationals.

It should also be noted that the present administration is pushing for the Comprehensive Tax Reform Program (CTRP), specifically the passage of Package 2 or the Corporate Income Tax and Incentives Rationalization (CITIRA). The proposal seeks to lower the corporate income tax (CIT) rate gradually from 30% to 20% and aims to rationalize the fiscal incentive structure by reorienting fiscal incentives toward strategic growth industries. It would “promote a fair and

accountable tax incentives system to make sure that every peso granted as a tax incentive yields a net positive benefit to society and that the industries and locations that deserve help are truly supported.” Singling out socialized housing developers in the provision of tax exemptions would therefore defeat the purpose and objectives of CITIRA.

The Department acknowledges the citizen's basic right to adequate housing<sup>1</sup> as provided by the United Nations (UN). Given that it is considered as a basic human right, everyone should equally be afforded access to a housing program.

*Rayapin Chay*

**Bureau of Trade and Industrial Policy Research**

**03 October 2019**

Ref: BTIPR-092019-155

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<sup>1</sup> Article 25, Universal Declaration of Human Rights - Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.